

STATEMENT OF PURPOSE

RS20603

The purpose of this legislation is to amend Idaho Code § 42-5240 to clarify that assessments from ground water districts are liens against the lands of the member ground water users and those liens shall have a priority coequal to the liens of real property taxes and shall be superior to the liens of mortgages or other encumbrances whether prior in time or not until paid. The legislation further provides that upon any sale of the property the purchaser at such sale shall take the property subject to all outstanding taxes and all annual assessments of the district subsequent in time to the assessment for which the foreclosure occurred. This legislation is proposed to provide clear and specific language that identifies the security available to creditors in those cases where assessments from ground water districts are pledged to incur indebtedness. The amendment is needed to provide assurance to institutional lenders and bond issuers that ground water districts assessments provide adequate security in the event of default. Without the changes it will be more difficult and expensive for the ground water districts to borrow money needed for required mitigation.

FISCAL NOTE

No fiscal impact on the general fund.

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